

*Washington, DC* – As taxpayers in the Hudson Valley completed their tax returns yesterday, U.S. Rep. John Hall (D-NY19) voted to pass legislation to make the tax code simpler and fairer. H.R. 5719, the Taxpayer Assistance and Simplification Act, passed the House of Representatives by a vote of 238 to 179.

"For too long, the tax code has given big businesses every advantage and left middle class families to fend for themselves," said Congressman Hall. "The Taxpayer Assistance and Simplification Act will make some key changes to save American taxpayers money and help those who play by the rules get the assistance they deserve."

The Taxpayer Assistance and Simplification Act would:

- Stop the harassment of taxpayers by ending the private collection of federal taxes,
  - Strengthen taxpayer protections from identity theft and tax fraud,
  - Stop federal contractors from using foreign subsidiaries to evade Social Security and other employment taxes, and
  - Simplify cell phone tax reporting and expand tax help for low-income taxpayers.
- The legislation will stop the harassment of taxpayers by repealing the provision the authorization for the Internal Revenue Service to use private contractors to collect federal income taxes. To date, this program has lost almost \$50 million, in part because of the huge bounty paid to private debt collectors.

"The current private debt collection program exposes taxpayers to harassment, abusive calling, and violations of taxpayer rights and disclosure protections," said Hall. "On top of that, it's a waste of money. We can close the tax gap more efficiently for less money by having the IRS collect unpaid taxes instead of private companies."

The Taxpayer Assistance and Simplification Act also strengthens taxpayer protections from identity theft and tax fraud, by requiring the IRS to notify a taxpayer that there may have been unauthorized use of the taxpayer's identity when the IRS is investigating a tax fraud. It also cracks down on misleading websites that seek to get personal information by imitating the IRS, by increasing both civil and criminal penalties. Con artists are bilking consumers out of thousands of dollars in tax refunds by targeting the 136 million American taxpayers.

To make the tax code easier to use and understand, the bill would strengthen IRS outreach to make sure that people know that they are entitled to tax refunds or to payments. It would also permit the IRS to refer low income taxpayers to tax clinics and increase funding for these clinics, as well as strengthen taxpayer protections from "predatory" providers of refund anticipation loans. The bill also clarifies that the IRS can use its website to publicize unclaimed taxpayer refunds.

The legislation takes steps to close egregious corporate loopholes and stop federal contractors from using foreign subsidiaries to evade Social Security and other employment taxes. Currently, some companies avoid paying their fair share of Social Security and Medicare taxes by creating shell companies in the Cayman Islands. The Taxpayer Assistance and Simplification closes this loophole, which costs American taxpayers almost \$100 million a year.